Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 09/01/2003

GAIN Report #EG3017

Egypt

Solid Wood Products

Annual

2003

Approved by:
Asif J. Chaudhry
U.S. Embassy, Cairo
Prepared by:
Ali Abdi & Sherif Ibrahim

Report Highlights:
Egypt's Softwood lumber imports in 2002 decreased by about 18 percent while hardwood lumber imports increased by about 38 percent . The increase in hardwood lumber is mainly due to increasing furniture exports. Both softwood and hardwoods imports are, however, expected to decline by about 10 percent in 2003 .

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Cairo [EG1], EG

Consumption and Utilization

With no significant forest production of its own, Egypt imports virtually all of its wood requirements. Total lumber imports (softwood and hardwood) in 2000 are estimated at about 2.3 million cubic board or about 18 percent less than the 2001 level. While softwood lumber imports decreased by about 18 percent, hardwood lumber imports increased by about 38 percent. This increase in hardwood lumber is mainly due to increasing furniture exports to European and Arabian countries. Industry contacts indicate that Egyptian furniture exports in 2002 reached $ 150 million as compared to $120 million in 2001. For 2003, both softwood lumber and hardwood lumber are expected to decline by 10 percent. The expected decrease in softwood lumber imports are primarily due to the following reasons: (1) There is a general economic slowdown in the country and this has led to weak demand in the construction sector, which is the primary channel for softwood imports, (2) the continued devaluation of the Egyptian pound against the dollar has led to higher import prices for lumber and veneer, and (3) increased demand in Europe for Scandinavian softwood has reduced available softwood stocks for export markets.

Tropical hardwood lumber consumption has been declining in the last several years, with a few small shipments being imported from West Africa mostly for the manufacturing of luxury furniture. Mahogany, Teak, Euroco, Samba and Sabelli are the commonly imported species, but Mahogany is the most preferred choice. Tropical hardwood veneer consumption is also declining due to increased substitution with artificial veneers. Egypt's total veneer imports in 2002 are estimated at 10,000 CBM. Of this amount, about 7,000 CBM was imported from the U.S (mostly red oak). Some veneer importers are considering to import logs from Turkey for veneer production.

Concrete, rather than wood, continues to be the main building material used in construction in Egypt. Softwoods, including plywood, are used extensively for scaffolding, forming and joinery. Approximately 70 percent of softwood imports are consumed by the construction industry. The balance is used in making doors, windows and other items including low quality furniture. According to industry sources, about 30 percent of all redwood is used by the furniture industry; 20 percent is used in non-structural construction; 18 percent in structural construction; 15 percent for joinery; and 17 percent for other purposes. About 35 percent of all imported whitewood is used in concrete forming; 25 percent for scaffolding; 14 percent for packaging; 8 percent in furniture; 6 percent for joinery and 12 percent for other purposes. All grades of lumber are used in Egypt. No.2 Grade accounts for about 10 percent of total imports, No.3 Grade; 15 percent; No.4 Grade, 30 percent; No5 Grade 30 percent; and NO.6 Grade 15 percent. A small amount of unsorted grades are used for joinery. These grades are similar to the Scandinavian Grades No. 5 and 6, and Russian Grades No. 4 and 5.

The most commonly used thickness is 50 mm, but 25 mm, and 75 mm are also used. Most importers prefer to order at least 50 percent of their shipments with 50 mm thickness. Four widths dominate the market, and the 200 mm, accounts for approximately 15 percent of total usage. But 150 mm is by far the most popular width with some 60 percent of the total; and 100 mm size takes up about 15 percent of total usage. The lengths in greatest demand run 2.70 meters and up, usually in increments of 30 cm. The longer lengths clearly dominate the market; a mere 2-3 percent of total lumber usage include lengths running between 1.80-2.40 meters. The preference for importers and end users alike is for lumber to be imported pre-cut and in rough form. The final size is determined after kiln drying. Importers and end users normally do not deal in nominal sizes; rather, goods must be invoiced and delivered in actual metric sizes. Moisture content should not exceed 19 percent at the time of import inspection.

Concerning hardwoods, about 65 percent of all hardwood lumber imports are of two-inch thickness; 20 percent are of one-inch thickness; and 15 percent are of 1.5 inch thickness. Preferred widths are 15 cm and up. Preferred lengths are normally not be less than 1.8 meters. The grade common #2 for the U.S. oak is normally acceptable in Egypt. There is a preference for the grade common #1 or the "select" grade, but high prices limit the quantity imported.

Trade

All of Egypt's lumber imports are handled by the private sector. Russia, Finland and Sweden, continue to be the main suppliers of softwood lumber to the Egyptian market. In 2002, Russia controlled about 47 percent of the Egyptian softwood market, while Sweden and Finland, controlled about 44 percent of the softwood market share.

Romania, Croatia and Bosnia are the main suppliers of hardwoods to Egypt. In 2002, Romania continued to be the major supplier of beechwood capturing about 75 percent of total Egyptian imports. About 40 percent of beechwood import shipments are now directed to the port of Damietta which is the main hub for the furniture industry in Egypt. U.S hardwood exports to Egypt in 2002 are estimated at 3,000 CBM compared to 6,000 CBM in 2001. This reduction was primarily due to the devaluation of the pound which has made imports substantially more expensive. Most U.S. hardwood lumber exports to Egypt consisted of Oak in addition to panels and veneers, and small quantities of Ash and Walnut. Most buyers import low quality wood in an attempt to keep import prices low. However, a few importers are buying good quality Oak from the U.S. According to importers, U.S. Oak is required for the manufacture of luxury furniture. It is reported that the quality of U.S. Oak is better than European oak in addition to being kiln dried and free of insects. Trade sources say that U.S. oak imports come in with moisture content of 8-10 percent as compared to between 20 to 30 percent for European Oak.

Importers prefer that all wood shipments be kiln dried, cut in metric sizes, and their name be printed on the side of each bundle. The dimension, length, grade, cubic meters, and number of pieces must be indicated on each bundle. In addition, Egyptian importers do not accept sale contracts made in nominal sizes; rather the wood must be invoiced and delivered in actual sizes with moisture content not exceeding 19 percent at the time of export shipment inspection. Detailed origins in the trade matrix refer to imports into Alexandria port only.

Prices

The current average price of Scandinavian whitewood (SPF) is reportedly $190 per CBM/C&F compared to $ 180 per CBM/C&F Alexandria in August 2002. Russian white woods are being imported at an average price of $129 per CBM compared to $105 per CBM/C&F Alexandria during the same period last year. The average price of Scandinavian red wood grade 5 and 4 in August 2003 is between $ 150 and $170 CBM/C&F, compared to $ 130 and $140 CBM/C&F in August 2002. Russian low quality grades are being imported at $ 90 CBM/C&F while Romanian Beechwood is being imported at between $ 275/CBM/C&F for long, $225 /CBM/C&F for short and $160 CBM/C&F for super short . The average current prices of imported Oak from the U.S. vary between $460 and $760 CBM/C&F depending on the grade of the imported product. It is reported that the current price (August,2002) for common #2 is about $525/ CBM/C&F while the price for the common #1 is between $560 and $ 740 CBM/C&F. Appalachian Oak is reported being imported at about $800 CBM/C&F. European Oak is currently being imported for between $360 and $370 CBM/C&F.

Tariffs

The import tariff on lumber is 8 percent. In addition, there is a 5 percent sales tax and 3 percent customs service fee.

Factors Affecting US Trade

The Egyptian wood market is price sensitive, particularly for softwoods. Egypt is a low-grade market, and the main constraint that faces U.S. softwood exports in penetrating this market is the lack of price competitiveness. The market has been dominated by Scandinavian and Russian softwoods. According to importers, U.S. softwood exporters were unable to meet the prices offered by suppliers in other countries. In addition, several trial shipments of U.S. softwoods that were introduced to the market few years ago were met with a negative reaction from the Egyptian end-users due to the lack of trade servicing to educate them end-users on how best to utilize U.S. softwood varieties. The slowdown in Egypt's general economy has had a negative impact on the imports of U.S. hardwoods. U.S hardwood imports amounted to 3,000 CBM in 2002 declining 50 percent from the previous year. As a result, U.S. market share decreased from 3.7 percent in 2001 to 1.3 percent in 2002. Industry experts do not expect that the conditions in the hardwood sector will improve in the near future. While the market remains price sensitive in general, there are few importers that are seeking and willing to pay for quality products. However, the lack of trade servicing remains a major constraint for U.S. exporters to fully take advantage of this market potential. The majority of Egyptian importers and end-users are still unfamiliar with lumber varieties, grades and dimensions of U.S. products. Therefore, they are reluctant to use them.

PSD Softwood Lumber

PSD Table						
Country:	Egypt					
Commodity:	Softwood Lumber					
		2002		2003		2004
	Old	New	Old	New	Old	New
Market Year Begin		01/2002		01/2003		01/2004
Production	0	0	0	0	0	0
Imports	2000	2030	2100	2000	0	2000
TOTAL SUPPLY	2000	2030	2100	2000	0	2000
Exports	0	0	0	0	0	0
Domestic Consumption	2000	2030	2100	2000	0	2000
TOTAL DISTRIBUTION	2000	2030	2100	2000	0	2000

Import Trade Matrix Sotwood Lumber

Import Trade Matrix			
Country:		Units:	
Commodity:			
Time period:			
Imports for	2001		2002
U.S.		U.S.	
Others		Others	
Sweden	807	Russia	950
Russia	805	Finland	540
Finland	702	Sweden	360
Latvia	70	Latvia	70
Romania	60	Romania	60
Chili	55	Estonia	50
Estonia	52		
Total for Others	2551		2030
Others not listed	100		
Grand Total	2651		2030

PSD Temperate Hardwood

PSD Table						
Country:	Egypt					
Commodity:	Temperate Hardwood Lumber					
		2002		2003		2004
	Old	New	Old	New	Old	New
Market Year Begin		01/2002		01/2003		01/2004
Production	0	0	0	0	0	0
Imports	135	240	140	220	0	225
TOTAL SUPPLY	135	240	140	220	0	225
Exports	0	0	0	0	0	0
Domestic Consumption	135	240	140	220	0	225
TOTAL DISTRIBUTION	135	240	140	220	0	225

Temperate Hardwood import Trade Matrix

Import Trade Matrix			
Country:		Units:	
Commodity:			
Time period:			
Imports for	2001		2002
U.S.	6	U.S.	3
Others		Others	
Romania	75	Romania	180
Croatia	62	Croatia	42
Greece&Yugos	13	Bousnia	15
Greece			
Solvenia			
Total for Others	150		237
Others not listed			
Grand Total	156		240

PSD Tropical Hardwood Lumber

PSD Table						
Country:	Egypt					
Commodity:	Tropical Hardwood Lumber					
		2002		2003		2004
	Old	New	Old	New	Old	New
Market Year Begin		01/2002		01/2003		01/2004
Production	0	0	0	0	0	0
Imports	3	3	3	4	0	3
TOTAL SUPPLY	3	3	3	4	0	3
Exports	0	0	0	0	0	0
Domestic Consumption	3	3	3	4	0	3
TOTAL DISTRIBUTION	3	3	3	4	0	3